Alberta

Weekly Economic Review

August 14, 2009

Alberta's Housing Market

Beginning to show signs of stabilizing…

New housing starts in Alberta were down from a revised 20,000 in June to 17,600 (seasonally adjusted and annualized) units in July, a 12.0% decrease. Nonetheless, housing starts have rebounded strongly from lows of around 12,000 in February and March. The weakness appears to be concentrated in the multi-unit sector.

Edmonton housing starts jumped 10.8% from last July, the city's first year-over-year gain since January 2008. In Calgary, total housing starts were down 13.9% from last year, but single-detached starts rose by 16.2%. Following last week's encouraging resale market statistics, the news seems to indicate that Alberta's housing market is beginning to stabilize.

Price declines continue to moderate in Alberta…

In June, Alberta's New Housing Price Index (NHPI) was down 0.4% month-over-month, and 9.8% year-over-year, the same rates of decline seen in May. Monthly price declines in Calgary (-0.1%) and Edmonton (-0.8%) were much less severe than earlier in the year, when they were above 2.0% in both cities.

Nationally, the NHPI fell by 0.2% from May, and by 3.3% on a year-over-year basis.

Canadian Dollar (US¢/CS)	
August 14, 2009	91.15
August 7, 2009	92.28
2009-10 YTD	87.25
WTI Oil US$/bbl	
August 13, 2009	$ 70.52
August 6, 2009	$ 71.94
2009-10 YTD	$ 61.91
Nymex Natural Gas CS/MMBtu *	
Near-month Contract	
August 14, 2009	$ 3.61
August 7, 2009	$ 4.03

* Estimate based on Nymex Futures Market Price

Merchandise Trade Balance

Rising energy exports help narrow trade gap…

Canada's merchandise exports were $29.3 billion in June, a 2.3% increase from May. Imports fell by 1.3%, reducing the national trade deficit to $55 million from $1.1 billion in May. The rise in exports was primarily due to energy products, which rose 14.0% month-over-month.

New Motor Vehicle Sales

Alberta vehicle sales increased in June…

Albertans drove 15,433 (seasonally adjusted) new cars and trucks off dealers' lots in June, a 3.1% increase from May. This was the largest monthly increase in Canada. Compared to June 2008, sales were down 21.8%.

Manufacturing Shipments

Shipments rise, after falling for four months…

Following four consecutive months of decline, Alberta manufacturing shipments increased by a modest 0.3% between May and June. The largest gains were seen in the transportation (27.3%), paper (25.6%), and computer and electronics (18.5%) categories, while shipments in the petroleum and coal sector fell by 1.3%. Compared to June 2008, total manufacturing shipments were down 26.7%.

Canadian manufacturing sales also increased from May, by 1.9%, due to rising petroleum and coal prices and strong aerospace industry sales.

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CURRENT ECONOMIC INDICATORS

August 14, 2009

Overall Economy		2007	2008	2009YTD*	Feb	Mar	Apr	May	Jun	Jul
Real GDP (in 2002 $billions)		187.5	187.0	--	--	--	--	--	--	--
% change		3.1	-0.2	--	--	--	--	--	--	--
Nominal GDP ($ billions)		258.9	291.7	--	--	--	--	--	--	--
% change		8.1	12.6	--	--	--	--	--	--	--
Population[1] (000's) (level)		3,511	3,585	3,654	--	--	3,654	--	--	--
% change		2.6	2.1	2.6	--	--	2.7	--	--	--
Net Interprovincial Migraton[1] (level)		33,809	10,010	18,269	--	--	7,144	--	--	--
Net International Migration[1] (level)		16,136	19,283	13,179	--	--	4,175	--	--	--
Net Non-permanent Residents[1] (level)		13,539	17,890	17,557	--	--	4,626	--	--	--
Labour Market										
Employment (000's)		1,959	2,013	1,991	2,002	1,987	1,993	1,994	1,990	1,986
% change		4.7	2.8	-0.7	0.2	-1.0	-0.9	-1.1	-1.6	-1.6
Unemployment Rate (%)		3.5	3.6	6.0	5.4	5.8	6.0	6.6	6.8	7.2
Average Hourly Wage Rate		6.0	5.7	4.9	4.5	3.6	4.3	5.0	6.1	4.6
Average Weekly Earnings[2]		5.8	6.0	4.7	4.5	4.8	2.1	5.5	--	--
Labour Income[3]		11.3	8.4	4.0	3.9	3.0	--	--	--	--
Price Indices										
Consumer Price Index		5.0	3.1	0.2	2.1	0.9	-0.7	-0.7	-1.6	--
Excluding food and energy		4.9	1.9	1.6	2.0	1.4	1.1	1.7	1.6	--
Non-Res. Const. Cost Index[4] (quarterly)		17.3	13.2	-1.0	--	-1.0(Q1)	--	--	--	--
Farm Product Price Index		14.3	11.1	-6.6	-5.9	-4.7	-6.1	-12.0	--	--
Crops		41.4	26.3	-23.8	-22.0	-23.0	-25.4	-29.3	--	--
Livestock		0.7	2.1	10.4	12.4	17.5	12.3	-2.5	--	--
Household Sector										
Housing Starts (SAAR, 000's)	NEW!	48.1	29.0	15.2	12.6	11.9	14.2	14.2	20.0	17.6
% change		-2.1	-39.7	-54.7	-62.4	-77.0	-53.3	-55.6	-12.7	-38.0
New Housing Price Index		22.5	0.7	-9.8	-9.6	-10.5	-10.7	-9.8	-9.8	--
Edmonton	NEW!	32.1	1.0	-11.8	-12.2	-12.3	-12.5	-11.7	-11.7	--
Calgary		16.2	0.6	-7.8	-7.1	-8.7	-8.8	-7.9	-8.0	--
MLS Average Resale Prices		24.3	-1.4	-7.8	-9.2	-10.4	-6.8	-5.8	-4.6	--
Edmonton		34.3	-2.0	-6.5	-8.7	-10.1	-7.4	-4.2	-3.8	--
Calgary		18.7	-2.9	-9.7	-10.8	-11.3	-10.1	-8.7	-6.3	--
Retail Sales		9.3	-0.1	-10.9	-13.5	-13.8	-10.1	-10.5	--	--
New Motor Vehicle Sales	NEW!	3.3	-7.3	-27.2	-35.4	-31.9	-24.4	-27.8	-21.8	--
Business Sector										
Public and Private Investment[5]		9.1	3.6	-17.2	--	--	--	--	--	--
Mining and oil and gas[5]		0.3	-1.4	-28.2	--	--	--	--	--	--
Rigs Drilling		-35.2	-2.1	-48.2	-43.9	-60.8	-42.0	-39.2	-56.3	-66.2
Goods Exports (customs based)		5.3	33.2	-37.2	-30.2	-36.1	-39.8	-46.0	-39.7	--
Energy	NEW!	4.4	40.9	-43.4	-35.1	-44.0	-47.2	-51.7	-43.0	--
Agriculture		9.8	28.6	-2.6	3.6	-3.9	6.9	-17.6	-10.8	--
Total Farm Cash Receipts (quarterly)		11.9	15.2	4.5	--	4.5(Q1)	--	--	--	--
Manufacturing Shipments	NEW!	1.9	6.9	-20.7	-15.1	-13.9	-24.7	-27.7	-26.7	--
Wholesale Trade		5.0	10.9	-9.0	-6.3	-4.4	-12.2	-22.0	--	--
Building Permits		13.4	-16.5	-38.9	-66.9	-29.9	-40.9	-18.5	-25.0	--
Residential		10.7	-31.5	-48.5	-72.4	-38.9	-44.2	-49.1	-17.5	--
Non-residential		17.1	3.7	-29.7	-61.8	-20.7	-37.3	13.0	-30.9	--

Government of Alberta
Finance and Enterprise

* YTD – year-to-date represents the change since the beginning of the year compared to the same period in the previous year.

[1] Quarterly; annual numbers are presented on a census year basis (July 1 - June 30). The April population estimate is also the 2009 year-to-date value.

[2] The average weekly earnings series was extensively revised on March 31, 2009 and is no longer comparable with numbers in previous Bulletins

[3] Total income earning in Alberta including wages and salaries, and supplementary income.

[4] Average of Calgary and Edmonton.

[5] 2009 total based on revised investment intentions, 2008 preliminary actuals, and 2007 actuals; 2009 mining and oil and gas based on initial investment intentions.

Sources: All data is from Statistics Canada except Housing Starts (Canada Mortgage and Housing Corporation), MLS Average Resale Prices (Canadian Real Estate Association) and Rigs Drilling (Canadian Association of Oilwell Drilling Contractors).

Alberta

CURRENT ECONOMIC INDICATORS, BY PROVINCE

	Canada	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.
Conference Board Forecast (Summer 2009)											
Real GDP Growth											
2008 (actuals, Statistics Canada)	***0.5%***	-0.1%	0.9%	2.0%	-0.0%	1.0%	-0.4%	2.4%	4.4%	**-0.2%**	-0.3%
2009	***-2.1%***	-3.4%	0.8%	0.3%	0.9%	-0.7%	-3.0%	0.8%	-2.7%	**-2.7%**	-2.5%
2010	***2.8%***	0.0%	2.2%	1.2%	2.8%	1.8%	3.1%	1.8%	3.5%	**3.3%**	3.4%
Population (As of April 1, 2009)											
Population	**33,592,686**	508,726	140,638	939,475	748,866	7,799,372	13,014,018	1,217,163	1,027,092	**3,653,840**	4,435,344
Annual Growth Rate[a]	***1.23%***	0.20%	1.19%	0.18%	0.26%	0.89%	1.02%	1.16%	1.49%	**2.71%**	1.70%
Net Interprovincial Migration											
2008 Census Year (July 1, 2007 to June 30, 2008)		1,299	42	-117	-325	-12,399	-16,522	-503	8,067	**10,010**	11,458
1st Quarter (January 1, 2009 to March 31, 2009)		98	-66	-357	61	-2,016	-5,015	-181	545	**7,144**	-16
Employment											
Level Change (000s)[b]	**-347.1**	-8.2	-0.4	-5.7	-0.5	-46.7	-185.5	-1.4	11.4	**-32.2**	-78.0
Percent Change[b]	***-2.0%***	-3.4%	-0.5%	-1.2%	-0.1%	-1.2%	-2.7%	-0.2%	2.2%	**-1.6%**	-3.3%
Unemployment Rate, 2009 avg (SA)	***8.1***	15.2	12.2	9.0	9.0	8.4	8.9	4.9	4.7	**6.0**	7.3
Participation Rate, 2009 avg (SA)	***67.4***	59.1	67.7	64.5	64.8	65.4	67.4	69.3	70.4	**74.6**	65.9
Average Weekly Earnings											
May 2009	**820.38**	800.09	688.23	727.92	749.60	754.09	846.69	766.36	806.66	**948.62**	799.65
Y/Y Percent Increase[c]	***1.6%***	4.9%	3.9%	2.5%	3.5%	-0.8%	1.2%	1.9%	3.6%	**5.5%**	1.4%
2009 Wage Settlements										**4.5%**	
CPI Inflation											
June Annual	**-0.3%**	0.3%	-0.8%	-1.1%	0.0%	0.2%	0.0%	0.6%	1.0%	**-1.6%**	-0.7%
Excluding Shelter	**-0.1%**	0.6%	1.1%	-0.4%	0.2%	0.2%	-0.3%	0.3%	0.2%	**0.4%**	0.0%
Housing Starts (000s)											
SAAR July 2009 NEW!	**132.1**	2.9	0.6	3.3	3.8	44.2	39.1	4.0	3.6	**17.6**	13.0
Retail Sales											
Percent Change[d]	**-6.1%**	1.7%	-2.5%	-3.9%	-1.8%	-5.4%	-4.8%	-4.8%	-5.3%	**-10.5%**	-8.6%
2009 YTD Retail Sales Growth	**-6.2%**	0.1%	-2.0%	-3.7%	-2.1%	-4.0%	-5.5%	-4.5%	-3.9%	**-10.9%**	-9.6%
Manufacturing Shipments											
Percent Change[d] NEW!	**-23.1%**	-42.2%	-18.7%	-20.2%	-33.4%	-16.5%	-26.4%	-9.6%	-9.0%	**-26.7%**	-17.4%

a. Over the past 12 months
b. July 2009 Y/Y change, unadjusted for seasonal effects
c. Updated to May 2009
d. June 2009 Y/Y change, unadjusted for seasonal effects
SA-Seasonally Adjusted, SAAR-Seasonally Adjusted Annual Rate
Source: Statistics Canada, Canada Mortgage and Housing Corporation and Conference Board of Canada